







A&P PIONEERED the pre-packaging of meats and insists that the underside of the cut be as good or better than the displayed side. If the customer likes what she sees when she buys it, she will like it even better when she opens the package.



FARM FRESH produce displays are an important part of today's modern A&P super market.



REAL VALUES are found in A&P's own nationally famous preserves and jellies.

**ON THE COVER:** Satisfied customer, aided by a next generation shopper, checks out an order at her modern A&P neighborhood super market. Like today's other smart value seekers, she finds substantial savings through the selection of A&P's exclusive nationally famous brands: A&P... Ann Page... Jane Parker... Super-Right... Cap'n John's... and Eight O'clock, Red Circle and Bokar Coffees.



*The Great Atlantic & Pacific*  
*Tea Company, Inc.*

**ANNUAL REPORT**

**1966**

FOR THE FISCAL YEAR ENDED

FEBRUARY 25, 1967



EXECUTIVE OFFICES • 420 LEXINGTON AVENUE • NEW YORK, N.Y. 10017

**Transfer Agent**

Morgan Guaranty Trust  
Company of New York  
New York, New York

**Registrar**

First National City Bank  
New York, New York

**Notice of Annual Meeting:**

The Annual Meeting of Stockholders will be held  
on Tuesday, June 20, 1967 at 10:30 a.m. (E.D.T.) in  
the Biltmore Hotel, New York, New York.



## HIGHLIGHTS

## IN REVIEW

For the Fiscal Year (52 Weeks) Ended	Feb. 25, 1967	Feb. 26, 1966	Feb. 27, 1965
Sales . . . . .	\$5,475,259,300	\$5,118,977,800	\$5,079,564,200
Income before income taxes . . . . .	105,739,200	96,539,300	98,632,900
United States and foreign income taxes . . . . .	49,500,000	44,200,000	46,500,000
Net income . . . . .	56,239,200	52,339,300	52,132,900
Per share* . . . . .	2.27	2.11	2.10
Per cent of sales . . . . .	1.03%	1.02%	1.03%
Cash dividends paid . . . . .	37,840,700	36,835,300	36,420,500
Per share (adjusted for stock dividends) . . . . .	1.525	1.485	1.470
Stock dividend at market value . . . . .	—	9,030,200	10,043,900
Additions to property, equipment and fixtures . . . . .	67,817,100	58,987,800	60,255,800
Depreciation and amortization . . . . .	47,419,400	43,355,900	41,995,800

### At Year-End

Working capital . . . . .	\$ 300,202,600	\$ 296,302,700	\$ 290,998,000
Ratio of current assets to current liabilities . . . . .	2.31	2.31	2.33
Property, equipment and fixtures . . . . .	313,886,600	294,639,600	280,092,300
Stockholders' equity . . . . .	611,097,000	592,615,200	576,321,100
Per share* . . . . .	24.63	23.88	23.22
Number of stores . . . . .	4,693	4,625	4,585
Approximate number of stockholders . . . . .	54,300	46,430	41,400

\*Based on 24,814,741 shares outstanding at February 25, 1967.



## To Our Stockholders:

WE ARE PLEASED to report that the fiscal year ended last February 25 was one of progress. The upward trend evidenced in the last quarter of 1965 has continued through 1966.

Sales last year increased 7 per cent to a new, record high of \$5,475,000,000. Net earnings matched the sales increase, improving 16 cents a share from the previous year, up to \$2.27.

During the year we continued our efforts to improve service to our customers and to offer quality foods at the lowest possible prices. Our share of market is improving.

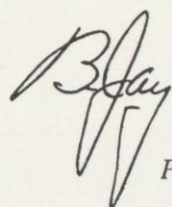
The A&P organization recognizes that this improved performance will be sustained only through the maintenance of an acute awareness of the problems that abound in a highly competitive industry. They know that our momentum will be maintained only by finding new and better ways to serve our customers.

Renewed interest on the part of the public in actual food values appeared last year with an organized market appraisal by consumers in some communities. Some of our sales increase can be traced to this revival of interest on the part of homemakers. In many communities where housewives made a genuine comparison of quality and prices, A&P managed to improve its share of market.

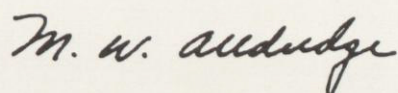
The Company again delayed as long as possible passing along to its customers the increased costs of wholesale food prices and operating expense. This action was reflected in the moderate profit increase.

Continued improvement of the retail store operation itself commanded much of management's attention during 1966. We started the year with 4,625 stores, opened 234 and closed 166 for a net increase of 68 and a year-end total of 4,693. Additionally, 416 existing stores were completely modernized.

Market price fluctuations, as well as other variables in this ever-changing business, could influence A&P's performance in 1967. We, however, are optimistic as we enthusiastically anticipate the challenges of another record sales year.



President



Chairman of the Board

May 18, 1967





## A & P's HALF STEP ADVANTAGE

A&P's CONTINUED LEADERSHIP in food retailing can be attributed, in part, to a concerted effort on the part of the organization that management calls "the half step advantage."

Chairman Alldredge, in an appearance before the New York Society of Security Analysts a few months ago, first called attention to the Company's use of the half step philosophy. "In baseball," he said, "approximately three out of five outs at first base occur by just about a half step. The difference between a hit and an out is just a matter of that half step."

"This is true in our business, too," he told the analysts. "The A&P organization is trained and dedicated to this constant effort of securing that half step advantage. When we do accomplish it, we use it to strengthen our position."

Even though many regard the retail food industry as monolithic—and from a distance it would appear so—a close inspection of the distinct differences in origin, operations and philosophies of the companies that compose this \$71-billion annual business will reveal countless opportunities for the development of "half step" advantages.

The food retailing industry differs from other industries in that it depends almost entirely upon the business virtue, management energy and resourcefulness of the organization. To be successful, a chain food company must maintain a consistent competitive price policy, an appealing merchandising approach and an alert, flexible balance between operating efficiency and aggressive promotional selling. The margin of profit is narrow, therefore sensitive to the unusual and unexpected. This is a "way of life" in a business where half of the merchandise is made up of perishables and sales are rung up in units of pennies.

New competitive developments are frequent compared to automobile manufacturing, and to aluminum, steel and other industries that require great technological know-how and capital. This competition takes the form, in many instances, of strong, well-managed regional and local chains. This means A&P must match or excel them in location, store operation, merchandising effort and service to the customer. Operating efficiency is a basic requirement and, to attain it, the Company must use every up-to-date device and technique that can contribute to it in a practical manner.

The retail food business is a local one, in thousands of communities. This requires individuality in the store plus a flexibility to adjust to local demand in each community.

A&P's half step advantage originates at all levels of the Company's operations, much of it being developed by the 4,693 store managers and the several hundred members of the supervisory staff. Young and vigorous (their median age is slightly less than 44 years) the managers are old in experience (average more than 10 years each as manager). These men, who have daily personal contact with our customers, have a first-hand knowledge of what consumers want in the way of services, products, quality and value. They convert this information into half step advantages for the benefit of the entire A&P organization.

CUP TESTING by experts is part of A&P's exacting program to assure the high quality and consistently fine flavor that makes A&P coffees household favorites. Test lots of coffee beans are roasted, ground, brewed and sampled at A&P buying offices in South America. Samples from the roasting plants in the United States are again tested at the Coffee Division's headquarters.



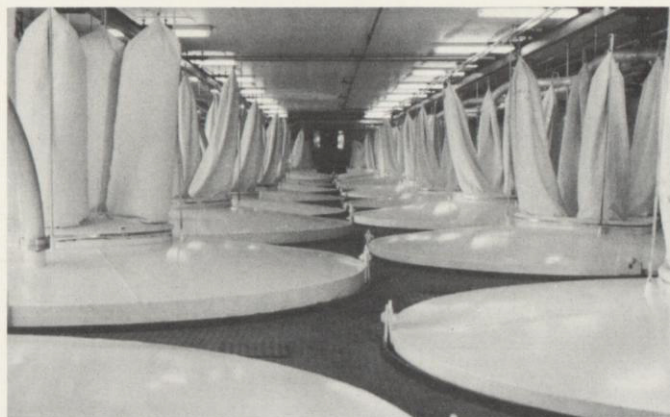


Other half step innovations were offered during fiscal 1966 by new personalities at the management level. All of the Company's 11 officers, although veterans in the organization, have been in their present positions less than four years. This is a tremendous change in management for any company, and especially for a large corporation.

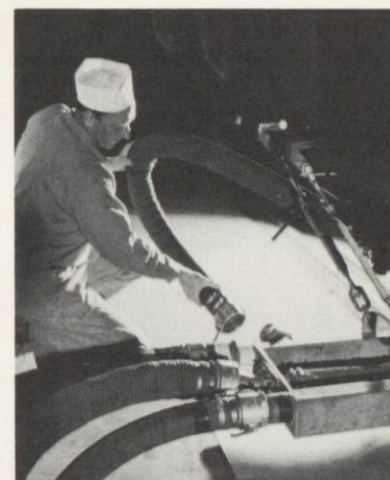
These executive changes have worked out well. The new management team has carried out the basic philosophy that served the Company so well for more than a century, and it has shown originality and enthusiastic effort in updating and improving the operation. This speaks well for A&P's future.

These men share with the entire organization a zest for the search that will reveal stimulating new challenges, new dimensions and additional half step advantages. In spite of the competitiveness and exacting nature of the business, they really enjoy being part of the task of feeding this nation. And, as A&P says repeatedly in its current advertising campaign, We Really Do Care!

LIKE ICEBERG CAPS that reveal only one-ninth of their total mass, these are the tops of 45-foot-high silos at A&P's Jane Parker bakery in Flushing, N.Y. Each of the 20 silos has a capacity of 100,000 pounds of flour which can be carried through pneumatic tubes to any production area of the bakery.



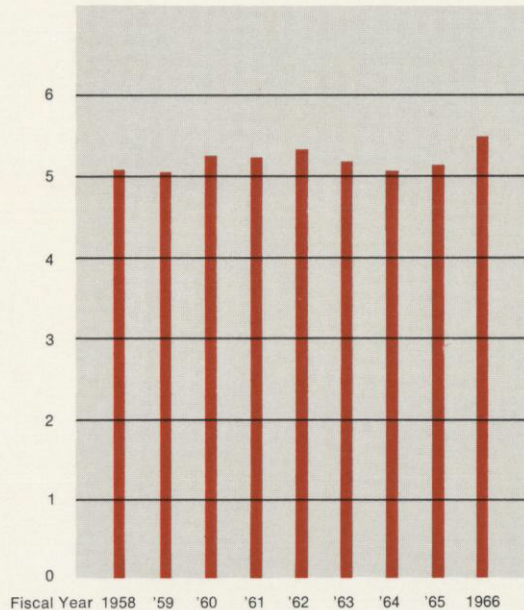
COMMUNICATIONS CENTER at A&P's National Produce Division headquarters is another example of the "half step advantages" that enable our Company to maintain its leadership. Through this vast teletype network linking A&P field buying offices and produce distribution centers, National Produce obtains fast information on availability of various commodities, supplies, crop and weather conditions, shipping and prices in the major producing areas.



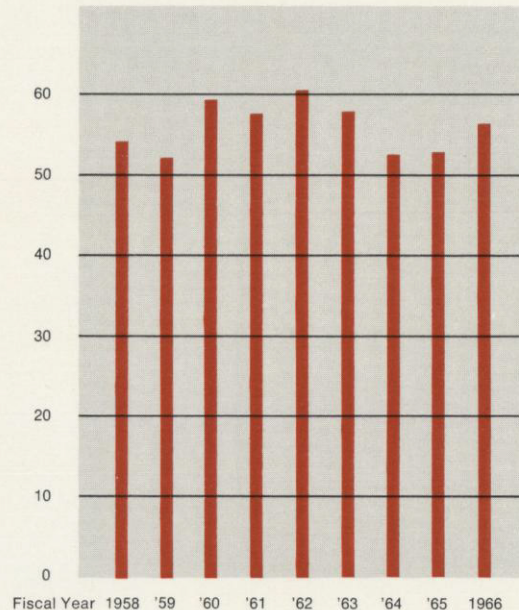
VACUUM UNLOADING of carloads of flour into giant silos at A&P's Jane Parker bakery in Flushing, N.Y. eliminates the possibility of any airborne contamination of this important bakery ingredient. Flour is unloaded at the rate of 20 tons an hour and is inspected and automatically sifted while being transferred to storage silos.



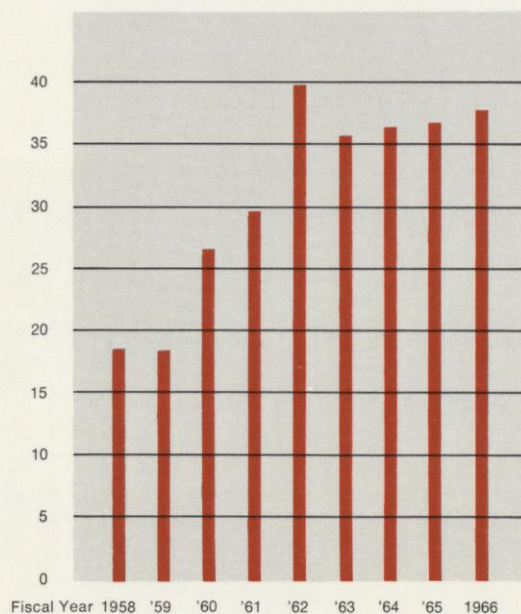
**SALES** Billions of Dollars



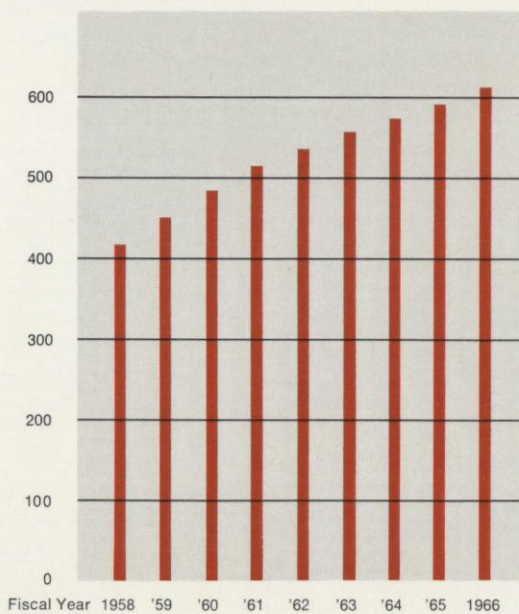
**NET INCOME** Millions of Dollars



**CASH DIVIDENDS** Millions of Dollars



**STOCKHOLDERS' EQUITY** Millions of Dollars



\* Per Share \$16.92 19.58 21.62 23.22 24.63  
\$18.27 20.75 22.53 23.88

\* Based on 24,814,741 Shares.

1958 and 1963 were 53-week fiscal years.



## STATEMENT OF CONSOLIDATED INCOME AND RETAINED EARNINGS

FOR THE PERIODS ENDED FEBRUARY 25, 1967 AND FEBRUARY 26, 1966

	52 Weeks to Feb. 25, 1967	52 Weeks to Feb. 26, 1966
Sales . . . . .	\$5,475,259,277	\$5,118,977,802
Cost of merchandise sold . . . . .	4,449,042,104	4,168,931,431
Gross profit . . . . .	1,026,217,173	950,046,371
Store operating, general and administrative expenses . . . . .	922,713,680	855,564,191
Profit from operations . . . . .	103,503,493	94,482,180
Other income—net . . . . .	2,235,714	2,057,096
Income before income taxes . . . . .	105,739,207	96,539,276
United States and foreign income taxes and other charge:		
Income taxes:		
Current . . . . .	43,493,000	38,604,000
Deferred . . . . .	4,174,000	3,348,000
Charge equivalent to investment tax credit—net . . . . .	1,833,000	2,248,000
Total . . . . .	49,500,000	44,200,000
Net income—1967, \$2.27 a share*; 1966, \$2.11 a share* . . . . .	56,239,207	52,339,276
Retained earnings at beginning of period . . . . .	191,014,084	184,540,227
	247,253,291	236,879,503
<i>Deduct:</i>		
Cash dividends—1967, \$1.525 a share; 1966, \$1.485 a share (adjusted for stock dividend) . . . . .	37,840,689	36,835,251
Stock dividend—1966, 1%:		
Par value of shares issued . . . . .	—	245,652
Excess of market value over par value of shares issued—transferred to capital surplus . . . . .	—	8,784,516
	37,840,689	45,865,419
Retained earnings at end of period . . . . .	\$ 209,412,602	\$ 191,014,084

\*Based on 24,814,741 shares outstanding at February 25, 1967.

See the accompanying Notes to Financial Statements.



# CONSOLIDATED BALANCE SHEET

FEBRUARY 25, 1967 AND FEBRUARY 26, 1966

## Assets

	<u>February 25, 1967</u>	<u>February 26, 1966</u>
CURRENT ASSETS:		
Cash . . . . .	\$103,184,456	\$114,578,428
Short-term investments—at cost . . . . .	18,391,719	21,695,427
Accounts receivable . . . . .	19,743,875	15,355,241
Merchandise and supplies (at the lower of cost or market) . . . . .	<u>387,467,989</u>	<u>370,111,323</u>
Current assets . . . . .	<u>528,788,039</u>	<u>521,740,419</u>
PROPERTY, EQUIPMENT AND FIXTURES:		
Land, at cost . . . . .	6,268,780	4,725,981
Buildings, at cost less accumulated depreciation— 1967, \$8,805,589; 1966, \$7,445,098 . . . . .	39,488,045	30,550,968
Equipment, at cost less accumulated depreciation— 1967, \$171,233,556; 1966, \$158,255,850 . . . . .	194,602,388	184,840,022
Store fixtures, at amortized cost . . . . .	<u>73,527,422</u>	<u>74,522,645</u>
Property, equipment and fixtures—net . . . . .	<u>313,886,635</u>	<u>294,639,616</u>
DEFERRED CHARGES . . . . .	<u>20,582,065</u>	<u>19,415,447</u>
	<u>\$863,256,739</u>	<u>\$835,795,482</u>



The Great Atlantic & Pacific Tea Company, Inc.  
and Subsidiary Companies

**Liabilities**

	<u>February 25, 1967</u>	<u>February 26, 1966</u>
CURRENT LIABILITIES:		
Accounts payable . . . . .	\$164,437,803	\$164,688,746
Accrued accounts:		
United States and foreign income taxes . . . . .	19,282,532	20,359,064
Other taxes, salaries, etc. . . . .	<u>44,865,123</u>	<u>40,389,926</u>
Current liabilities . . . . .	<u>228,585,458</u>	<u>225,437,736</u>
DEFERRED INVESTMENT CREDIT, RESERVES FOR SELF-INSURANCE, ETC. . . . .	<u>15,534,327</u>	<u>13,876,552</u>
DEFERRED INCOME TAXES . . . . .	<u>8,040,000</u>	<u>3,866,000</u>
STOCKHOLDERS' EQUITY:		
Common stock—\$1 par value; authorized 28,000,000 shares; issued 1967, 24,814,741 shares; 1966, 24,812,018 shares . . . . .	24,814,741	24,812,018
Capital surplus . . . . .	376,869,611	376,789,092
Retained earnings . . . . .	<u>209,412,602</u>	<u>191,014,084</u>
Stockholders' equity . . . . .	<u>611,096,954</u>	<u>592,615,194</u>
	<u>\$863,256,739</u>	<u>\$835,795,482</u>



## STATEMENT OF SOURCE AND USE OF FUNDS

For the Periods Ended February 25, 1967 and February 26, 1966

(IN THOUSANDS OF DOLLARS)

	52 Weeks to February 25, 1967	52 Weeks to February 26, 1966
<b>FUNDS PROVIDED FROM:</b>		
Operations:		
Net income . . . . .	\$ 56,239	\$ 52,339
Charges to income not requiring funds:		
Depreciation and amortization . . . . .	47,419	43,356
Charge equivalent to investment tax credit-net . . .	1,833	2,248
Deferred income taxes . . . . .	4,174	3,348
Funds provided from operations . . . . .	109,665	101,291
Sale of stock under stock option plan . . . . .	83	790
Total funds provided . . . . .	109,748	102,081
<b>FUNDS USED FOR:</b>		
Cash dividends . . . . .	37,841	36,835
Additions to property, equipment and fixtures . . . .	67,817	58,988
Miscellaneous . . . . .	190	953
Total funds used . . . . .	105,848	96,776
INCREASE IN WORKING CAPITAL . . . . .	3,900	5,305
WORKING CAPITAL AT BEGINNING OF PERIOD . . . .	296,303	290,998
WORKING CAPITAL AT END OF PERIOD . . . . .	\$300,203	\$296,303



SYMBOLIC OF A&P's continuing building and remodeling program, this suburban super market combines modern facilities with the Company's proven values to provide pleasant one-stop shopping service for thousands of satisfied customers. The Early American architectural design is evident in most new stores, and some of the major remodels are modified in variations of this attractive exterior.



## NOTES TO FINANCIAL STATEMENTS

**FEDERAL INCOME TAXES:** For Federal income tax purposes only, an accelerated method is used to depreciate major groups of equipment and the guideline life permitted by the U.S. Treasury Department is used. The resulting reductions in current Federal income taxes have no effect on net income, however, since amounts equivalent to such reductions are provided for deferred Federal income taxes.

The investment credit applicable to property acquired is being amortized over the estimated useful lives of the assets.

**RETIREMENT PLANS:** Under the terms of the Employees' Retirement Plans, non-contributory retirement benefits are provided for eligible employees. Contributions by the companies were \$15,495,000 and \$23,542,000 for the periods ended February 25, 1967 and February 26, 1966, respectively. It is estimated by the Company's independent consulting actuary that the total assets of the retirement plans as of December 31, 1966 were sufficient to cover the single sum actuarial liabilities for benefits accrued to that date.

**LONG-TERM LEASES AND OTHER MATTERS:** Most operations of the companies are conducted in leased premises. There were approximately 4,960 leases in force on February 25, 1967 (exclusive of leases relating to premises where operations had not commenced, which are of the same type) that were, in general, for periods not exceeding ten years. The current annual rental of these premises is approximately \$93,600,000.

Since February 25, 1967 the companies' modernization program has involved the customary substantial expenditures, made or to be made, for new store leases, equipment and inventories.

**STOCK OPTIONS:** The stock option plan approved by the stockholders on June 21, 1960 provided that executives and key employees may be granted options to purchase stock of the Company at the fair market value of the stock on the date of grant.

Proceeds from the 2,723 shares sold during the year amounted to \$83,242, of which \$2,723 was credited to capital stock and \$80,519 to capital surplus.

341,366 shares of the Company's unissued stock are reserved for issuance under the plan, of which 164,803 shares are available for immediate purchase, 84,064 shares are available for purchase at various dates after February 25, 1967, and 92,499 shares have not been allotted and are available for future grants.

At February 25, 1967, after adjustment for cancellations, the status of the plan was as follows:

	Options Granted			
	Oct. 17, 1960	Jan. 24, 1963	July 8, 1965	July 15, 1965
Shares sold to February 25, 1967 . . .	201,792	None	400	None
Available for purchase under outstanding options	85,940	21,527	110,898	30,502
Shares allotted . . . . .	287,732	21,527	111,298	30,502
Present option price per share . . . . .	\$30.57	\$42.46	\$36.51	\$36.27

**HASKINS & SELLS**  
CERTIFIED PUBLIC ACCOUNTANTS

TWO BROADWAY  
NEW YORK 10004

### ACCOUNTANTS' OPINION

To the Board of Directors and Stockholders of  
The Great Atlantic & Pacific Tea Company, Inc.:

We have examined the consolidated balance sheet of The Great Atlantic & Pacific Tea Company, Inc. and its subsidiary companies as of February 25, 1967, and the related statements of consolidated income and retained earnings and of source and use of funds for the 52 weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated income and retained earnings present fairly the financial position of the companies as of February 25, 1967 and the results of their operations for the 52 weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period; and the accompanying statement of source and use of funds presents fairly the information shown therein.

May 1, 1967

*Haskins & Sells*



we care



**we never  
"run out"  
on a sale!**

We never advertise a special sale item unless we have an ample supply.

Once in a great while, the special we imagined, to run out of the item. It's on a sale.

for a

we care



**do pennies  
make a  
difference in  
your food bill?**



we care



**what does  
WESTERN  
UNION  
have to do with  
Jane Parker  
white bread?**

By actual count there are 23 quality checks White Bread.

ingredients right through ing is checked

ty checks satisfy us?

nion representatives select use at our stores loaves of read.

quality test lab for that

we even keep tabs

Bread a good reason

COPYRIGHT © 1981 THE GREAT ATLANTIC & PACIFIC TEA CO., INC.

we care



**Caring  
about  
you  
is just plain  
good  
business**

Without you, we don't have any business.

So, if we want to continue to be successful, as we have been for more than 100 years, we better CARE ABOUT YOU.

We better care about how we serve you, about what we serve you, about being fair, honest, and dependable.

When you get right down to it, you're the boss at A&P.

And it's always good business to be good to the boss.

Not every store feels this way. A&P does!

Shouldn't A&P be your store?

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we care



**Guess Who  
The Boss Is  
At Your A&P**



It's you!  
Think about it.  
It makes sense.  
All of us from the President on down work for you.

Frankly, where would we be without you and the many people like you.

We know.  
We'd still be in that little store on Vesey Street where we started more than 100 years ago.

That's why you're important.  
That's why we care so much about how we serve you about being fair, honest and dependable.

Is this kind of attitude for shopping?



**Who Finds  
All The Lost  
Mothers  
At A&P?**



Don't believe we have lost mothers at A&P?

You would if you saw a teary-cheeked tyke look up at a checker or clerk and say, "My Mommy's lost!" Funny thing, children are never lost - just their mommies are. It happens every day.

We've had 106 years experience finding "lost Mommies." And we have a whole group of friendly people working who'll wipe away those tears and round up the

**WHO CARES?**—Here are some random samples from A&P's current "We Care" advertising campaign. So far, there have been approximately 80 different ads...and countless thousands of new customers!

The messages are attracting consumers into our stores, many for the very first time, and a lot of them are continuing to trade with us because of A&P's values, service and friendliness. They found out that "We Really Do Care!"



## DIRECTORS

MELVIN W. ALLDREDGE

WILLIAM E. AYRES

ANTHONY A. BLISS

R. MANNING BROWN, JR.

\*JOHN T. CAHILL

FRED E. CAMPBELL

J. GORDON CHRISTIAN, JR.

ROY C. COLLINS

WILLIAM CORBUS

DONALD KIRK DAVID

HAROLD D. HOAG

BYRON JAY

\*Deceased, November 3, 1966

WILLIAM J. KANE

EDWARD A. LE PAGE

O. PHILIP NYQUIST

GWILYM A. PRICE

WILLIAM T. PRICE

JOHN M. SCHIFF

DAVID SHER

JOHN ELLIOT SLATER

†EDWARD J. VOGEL

†Retired, November 1, 1966

Director Emeritus:

OLIVER C. ADAMS

## OFFICERS

BYRON JAY *President and Chief Executive Officer*

MELVIN W. ALLDREDGE *Chairman of the Board*

WILLIAM E. AYRES *Vice President*

J. GORDON CHRISTIAN, JR. *Vice President*

WILLIAM CORBUS *Vice President*

HAROLD D. HOAG *Vice President and Treasurer*

WILLIAM J. KANE *Vice President*

EDWARD A. LE PAGE *Vice President*

O. PHILIP NYQUIST *Vice President*

WILLIAM T. PRICE *Vice President*

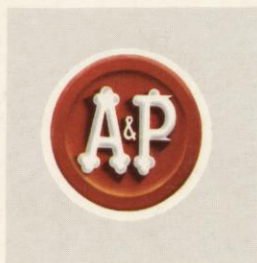
\*\* EDWARD J. VOGEL *Vice President*

FRED E. CAMPBELL *Secretary and General Counsel*

\*\* Retired, November 1, 1966



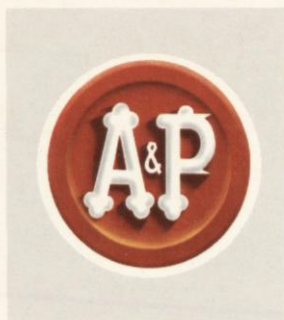




FISCAL 1966 ANNUAL REPORT



*The Great Atlantic & Pacific  
Tea Company, Inc.*



**ANNUAL REPORT**

**1966**

FOR THE FISCAL YEAR ENDED

FEBRUARY 25, 1967



*Men of vision and dedicated people have made America the industrial, manufacturing, and retailing leader of the world.*

*Take our founder as an example. More than a century ago, he envisioned a new concept of efficient, low-cost mass food distribution. This concept set the stage for the development of today's modern A&P and for today's entire food retailing industry.*

*Similar vision characterizes the current management of A&P:*

*Men who recognize the cost-saving potential of computerized warehousing and ordering.*

*Men who are applying practical automation to manufacturing facilities.*

*Men who are relocating distribution centers to take advantage of modern transportation and roads.*

*Men who are constantly on the lookout for better, more efficient methods of food handling.*

*Men who are, as always, dedicated to the basic concept of our founder:*

**TO BRING THE MOST GOOD FOOD,  
TO THE MOST PEOPLE,  
FOR THE LEAST AMOUNT OF MONEY.**